

IN THE SENATE

SENATE BILL NO. 1127

BY STATE AFFAIRS COMMITTEE

AN ACT

RELATING TO BINGO AND RAFFLES; AMENDING SECTION 67-7701, IDAHO CODE, TO REVISE THE PURPOSE AND POLICY RELATING TO BINGO GAMES AND RAFFLES; AMENDING SECTION 67-7702, IDAHO CODE, TO REVISE DEFINITIONS; AMENDING SECTION 67-7704, IDAHO CODE, TO REMOVE OBSOLETE LANGUAGE REGARDING THE BINGO-RAFFLE ADVISORY BOARD AND TO MAKE TECHNICAL CORRECTIONS; AMENDING SECTION 67-7706, IDAHO CODE, TO REVISE POWERS AND DUTIES OF THE BINGO-RAFFLE ADVISORY BOARD; AMENDING SECTION 67-7707, IDAHO CODE, TO PROVIDE A PER VIOLATION PENALTY, TO REMOVE LANGUAGE PROHIBITING PERSONS UNDER THE AGE OF EIGHTEEN TO PLAY BINGO IN ANY GAME OPERATED BY A LICENSED CHARITABLE OR NONPROFIT ORGANIZATION AND TO MAKE A TECHNICAL CORRECTION; AMENDING SECTION 67-7708, IDAHO CODE, TO REVISE LANGUAGE REGARDING THE LIMIT ON SESSIONS AND BINGO PRIZES; AMENDING SECTION 67-7709, IDAHO CODE, TO REVISE PROVISIONS RELATING TO ACCOUNTING AND USE OF BINGO PROCEEDS; AMENDING SECTION 67-7710, IDAHO CODE, TO REVISE PROVISIONS REGARDING RAFFLES AND DUCK RACES AND TO REMOVE REFERENCE TO HOLIDAY CHRISTMAS TREE FUNDRAISERS; AMENDING SECTION 67-7711, IDAHO CODE, TO REVISE THE LICENSING PROCEDURE; AMENDING SECTION 67-7712, IDAHO CODE, TO REVISE PROVISIONS REGARDING LICENSE SUSPENSION OR REVOCATION; AMENDING SECTION 67-7713, IDAHO CODE, TO INCREASE THE AMOUNT OF MAXIMUM AGGREGATE VALUE OF MERCHANDISE BEFORE A CHARITABLE OR NONPROFIT ORGANIZATION CONDUCTING A RAFFLE MUST BE REQUIRED TO OBTAIN A LICENSE; AND AMENDING SECTION 67-7715, IDAHO CODE, TO REVISE PROVISIONS REGARDING VENDORS, LICENSING AND FEES.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Section 67-7701, Idaho Code, be, and the same is hereby amended to read as follows:

67-7701. PURPOSE AND POLICY. It is hereby declared that all bingo games and raffles in Idaho must be strictly controlled and administered, and it is in the public interest for the state to provide for the administration of charitable bingo games and raffles to protect the public from fraudulently conducted bingo games and raffles, to assure that charitable groups and institutions realize the profits from these games, to prohibit professionals conducting bingo games or raffles for fees or a percentage of the profit and to provide that all expenditures by a charitable or nonprofit organization in conducting bingo games and raffles are in the best interest of raising moneys for charitable purposes.

SECTION 2. That Section 67-7702, Idaho Code, be, and the same is hereby amended to read as follows:

67-7702. DEFINITIONS. As used in this chapter:

1 (1) "Bingo" means the traditional game of chance played for a prize de-
2 termined prior to the start of the game.

3 (a) Upon approval by the bingo-raffle advisory board a licensee may of-
4 fer bingo games in which players are allowed to select their own numbers
5 if the cards used to conduct the games have controls that provide an au-
6 dit trail adequate to determine all winning number combinations.

7 (b) Card-minding devices are prohibited. Autodaubing features are
8 prohibited.

9 (c) Bingo shall not include "instant bingo" which is a game of chance
10 played by the selection of one (1) or more prepackaged bingo cards, with
11 the winner determined by the appearance of a preprinted winning desig-
12 nation on the bingo card.

13 (2) "Bingo-raffle advisory board" means a board of six (6) persons
14 chosen by the governor to make advisory recommendations regarding bingo and
15 raffle operations and regulation in Idaho.

16 (3) "Charitable organization" means an organization that has been in
17 continuous existence in the county of operation of the charitable bingo game
18 or raffle for at least one (1) year, that conducts charitable activities, and
19 that is exempt from taxation under section 501(c)(3), 501(c)(4), 501(c)(6),
20 501(c)(8), 501(c)(10), 501(c)(19) or 501(d) of the Internal Revenue Code
21 and is exempt from income taxation under title 63, Idaho Code, as a bona fide
22 nonprofit charitable, civic, religious, fraternal, patriotic or veterans
23 organization or as a nonprofit volunteer fire department, or as a nonprofit
24 volunteer rescue squad, or as a nonprofit volunteer educational booster
25 group, parent-teacher organization or association. If the organization has
26 local branches or chapters, the term "charitable organization" means the
27 local branch or chapter operating the bingo or raffle game.

28 (4) "Commission" means the Idaho state lottery commission as defined in
29 section 67-7404, Idaho Code.

30 (5) "Duck race" means a charitable raffle played by releasing numbered,
31 inanimate toys (ducks) into a body of moving water. A person who has been as-
32 signed the same number as the first duck to cross a predetermined point in the
33 water (the finish line) is the winner. Other prizes may be awarded on the ba-
34 sis of the order in which the ducks cross the finish line. With the exception
35 of determining "net proceeds," all restrictions and requirements applicable
36 to the conduct of charitable raffles in this chapter shall also apply to the
37 conduct of duck races.

38 (6) "Electronic bingo card" or "face" means an electronic facsimile of
39 a bingo card or face, from a permutation of bingo cards formulated by a manu-
40 facturer licensed in Idaho, which is stored and/or displayed in a bingo card-
41 monitoring device. An electronic bingo card or face is deemed to be a form of
42 disposable paper bingo card.

43 (7) (a) "Electronic bingo device" means an electronic device used by a
44 bingo player to monitor bingo cards purchased at the time and place of a
45 licensed organization's bingo session, and which:

46 (i) Provides a means for bingo players to input numbers announced
47 by a bingo caller;

48 (ii) Requires the player to manually enter the numbers as they are
49 announced by a bingo caller;

(iii) Compares the numbers entered by the bingo player to the numbers contained on bingo cards previously stored in the electronic database of the device;

(iv) Identifies winning bingo patterns; and

(v) Signals only the bingo player when a winning bingo pattern is achieved.

(b) "Electronic bingo device" does not mean or include any device into which coins, currency, or tokens are inserted to activate play, or any device which is interfaced with or connected to any host system which can transmit or receive any ball call information, site system or any other type of bingo equipment once the device has been activated for use by the bingo player.

(8) "Gross revenues" means all moneys paid by players during a bingo game or session for the playing of bingo or raffle events and does not include money paid for concessions; provided that the expenses of renting electronic bingo devices from a licensed vendor and the fees collected from players for the use of electronic bingo devices must be reported separately on the organization's annual bingo report and must be netted for purposes of determining gross revenues as follows: only fees collected from players in excess of the rental charges paid to licensed vendors will be considered to be a part of gross revenues, and if the costs of renting electronic bingo devices from a licensed vendor exceed the fees collected from players for use of electronic bingo devices, the difference will be considered an administrative expense for purposes of section 67-7709(1)(d), Idaho Code.

~~(9) "Holiday Christmas tree fundraiser" means a charitable raffle played by persons bidding on decorated holiday trees with the proceeds being utilized for senior citizen centers or hospitals or hospital auxiliaries. With the exception of determining "net proceeds," all restrictions and requirements applicable to the conduct of charitable raffles in this chapter shall also apply to the conduct of holiday Christmas tree fundraisers.~~

~~(10) "Host system" means the computer hardware, software and peripheral equipment of a licensed manufacturer which is used to generate and download electronic bingo cards to a licensed organization's site system, and which monitors sales and other activities of a site system.~~

~~(11) "Nonprofit organization" means an organization incorporated under chapter 3, title 30, Idaho Code.~~

~~(12) "Organization" means a charitable organization or a nonprofit organization.~~

~~(13) "Person" shall be construed to mean and include an individual, association, corporation, club, trust, estate, society, company, joint stock company, receiver, trustee, assignee, referee or any other person acting in a fiduciary or representative capacity, whether appointed by a court or otherwise, and any combination of individuals. "Person" shall also be construed to mean and include departments, commissions, agencies and instrumentalities of the state of Idaho, including counties and municipalities and agencies or instrumentalities thereof.~~

~~(14) "Raffle" means a game in which the prize is won by random drawing of the name or number of one (1) or more persons purchasing chances.~~

(154) "Session" means a period of time not to exceed eight (8) hours in any one (1) day in which players are allowed to participate in bingo games operated by a charitable or nonprofit organization.

(165) "Site system" means the computer hardware, software and peripheral equipment used by a licensed organization at the site of its bingo session which provides electronic bingo cards or bingo card monitoring devices to players, and which receipts the sale or rental of such cards and devices and generates reports relative to such sales or rentals.

~~(17) "Special permit" means a permit that can be obtained by a charitable organization that is not licensed but qualifies to operate an exempt bingo operation. This permit allows a qualifying organization to operate bingo games at a county fair for the duration of the fair.~~

(186) "Vendor" means an applicant, licensee or manufacturer, distributor or supplier licensed or unlicensed that furnishes or supplies bingo or raffle equipment, disposable or nondisposable cards and any and all related gaming equipment.

SECTION 3. That Section 67-7704, Idaho Code, be, and the same is hereby amended to read as follows:

67-7704. BINGO-RAFFLE ADVISORY BOARD -- MEMBERS -- APPOINTMENT -- QUALIFICATIONS. (1) The bingo-raffle advisory board shall consist of six (6) members appointed by the governor and confirmed by the senate. Members shall be selected and appointed because of their ability and disposition to serve the state's interest and for knowledge of bingo and raffle operations. Members appointed by the governor shall serve at the pleasure of the governor, and ~~must~~ shall be residents over twenty-five (25) years of age who have experience in administrating, conducting or regulating bingo or raffle operations. There shall be one (1) member from each of the following six (6) districts initially established as follows:

(a) District No. 1. The counties of Benewah, Bonner, Boundary, Kootenai and Shoshone.

(b) District No. 2. The counties of Clearwater, Idaho, Latah, Lewis and Nez Perce.

(c) District No. 3. The counties of Ada, Adams, Boise, Canyon, Elmore, Gem, Payette, Owyhee, Valley and Washington.

(d) District No. 4. The counties of Blaine, Camas, Cassia, Gooding, Jerome, Lincoln, Minidoka and Twin Falls.

(e) District No. 5. The counties of Bannock, Bear Lake, Bingham, Caribou, Franklin, Oneida and Power.

(f) District No. 6. The counties of Bonneville, Butte, Clark, Custer, Fremont, Jefferson, Lemhi, Madison and Teton.

(2) The terms of appointed members of the bingo-raffle advisory board shall be three (3) years, ~~except that the members first appointed shall be those serving as members of the bingo advisory board on July 1, 2000, each to hold office for the balance of his or her term for which appointed which shall be as follows:~~

~~The terms of the members from District No. 1 and District No. 4 shall expire the first Monday of January 2001.~~

~~The terms of the members from District No. 2 and District No. 5 shall expire the first Monday of January 2002.~~

~~The terms of the members from District No. 3 and District No. 6 shall expire the first Monday of January 2003. At the end of a term, a member continues to serve until a successor is appointed and qualifies. A member who is appointed after a term has begun serves only for the rest of the term and until a successor is appointed and qualifies. A vacancy of the board shall be filled in the same manner as regular appointments are made, and the term shall be for the unexpired portion of the regular term. No member of the board shall have a direct or indirect pecuniary interest in any contract or agreement entered into by the board. No more than three (3) members of the board shall belong to the same political party.~~

SECTION 4. That Section 67-7706, Idaho Code, be, and the same is hereby amended to read as follows:

67-7706. BINGO-RAFFLE ADVISORY BOARD -- POWERS -- DUTIES. The bingo-raffle advisory board shall review the operation and regulation of bingo games and raffle events in Idaho, and shall make recommendations to the state lottery commission regarding, but not limited to, the following issues:

(1) The issuances of licenses for the operation of bingo games and raffle events, including the denial, suspension or revocation of licenses;

(2) The collection of fees, penalties, fines and other moneys from organizations conducting or applying to conduct bingo games and/or raffle events;

(3) The maintenance by bingo operators of records and the efficacy of the statutes and rules requiring maintenance of records;

(4) The recordation and reporting of income from bingo games and raffle events to the state lottery commission, and the efficacy of the statutes and rules governing recordation and reporting;

(5) The efficacy and profitability of income and expenditure limits placed on organizations, by statute or rule, operating bingo games and/or raffle events in the state;

(6) The type, scope, manner, and frequency of bingo games and/or raffle events conducted in Idaho, and the efficacy of the statutes or rules governing those considerations;

(7) Possible cooperative agreements with county, city, and other local and state agencies that would enhance the safety and profitability of bingo games and/or raffle events;

(8) Possible written agreements or contracts with other states or any agency or contractor of another state for the operation and promotion of joint bingo games and/or raffle events that would enhance the safety and profitability of bingo and raffle operations in Idaho;

(9) What rules should be promulgated by the state lottery commission to ensure the safe, orderly and trustworthy operation of bingo games and/or raffle events in Idaho.

The bingo-raffle advisory board shall, at least twice a year, report to the state lottery commission addressing the operations and activities of the advisory board and the major issues facing bingo operators in the state. The lottery security division shall provide a final annual report ~~shall be provided~~ to the governor, the lottery commission, the president pro tempore of

1 the senate and the speaker of the house of representatives of the Idaho leg-
2 islature.

3 SECTION 5. That Section 67-7707, Idaho Code, be, and the same is hereby
4 amended to read as follows:

5 67-7707. BINGO BY CHARITABLE OR NONPROFIT ORGANIZATIONS. (1) It is
6 lawful for a charitable or nonprofit organization to conduct bingo sessions
7 or games in accordance with the provisions of this chapter and the rules of
8 the state lottery commission. Any charitable or nonprofit organization, any
9 member of a charitable or nonprofit organization, or any person that con-
10 ducts a bingo session or game in violation of any provision of this chapter or
11 the rules of the state lottery commission may be assessed a civil penalty not
12 in excess of ten thousand dollars (\$10,000) per violation. Additionally,
13 any person knowingly conducting a bingo session or game in violation of the
14 provisions of this chapter or the rules of the state lottery commission may
15 be charged under the gambling laws contained in chapter 38, title 18, Idaho
16 Code. Violations will be prosecuted by the county prosecuting attorney.

17 (2) No person under the age of eighteen (18) years may play bingo in
18 games where a cash prize is offered or where the prize exceeds twenty-five
19 dollars (\$25.00) in value for merchandise. ~~No person under the age of eigh-~~
20 ~~teen (18) may play bingo in any game operated by a licensed charitable or non-~~
21 ~~profit organization.~~

22 SECTION 6. That Section 67-7708, Idaho Code, be, and the same is hereby
23 amended to read as follows:

24 67-7708. LIMIT ON SESSIONS AND BINGO PRIZES. The number of sessions or
25 games of bingo conducted or sponsored by a charitable or nonprofit organiza-
26 tion shall be limited to three (3) sessions per week and such sessions shall
27 not exceed a period of eight (8) hours per day. ~~Until July 1, 1997, the max-~~
28 ~~imum prize in cash or merchandise at fair market value that may be offered~~
29 ~~or paid for any one (1) game of bingo is one thousand five hundred dollars~~
30 ~~(\$1,500) and, the maximum aggregate amount of prizes, in cash or merchan-~~
31 ~~dise at fair market value that may be offered or paid at any one (1) session~~
32 ~~of bingo is ten thousand dollars (\$10,000). After July 1, 1997, t~~The maxi-
33 mum prize that may be offered or paid for any one (1) game of bingo, and the
34 maximum aggregate amount of prizes that may be offered or paid for any one
35 (1) session of bingo, shall be set by rule of the state lottery commission.
36 ~~Provided however, that the maximums to be set by the state lottery commission~~
37 ~~shall not be below the amounts described in this statute.~~

38 SECTION 7. That Section 67-7709, Idaho Code, be, and the same is hereby
39 amended to read as follows:

40 67-7709. ACCOUNTING AND USE OF BINGO PROCEEDS.

41 (1) (a) All funds received in connection with a bingo game required to
42 be licensed pursuant to this chapter and the rules of the state lottery
43 commission shall be placed in a separate bank account that is in the
44 name of and controlled by the charitable or nonprofit organization. No
45 funds may be disbursed from this account except the charitable or non-

profit organization may expend proceeds for prizes, advertising, rent including, but not limited to, renting space, chairs, tables, equipment and electronic bingo devices, utilities, ~~rental of electronic bingo devices,~~ and the purchase of supplies and equipment in playing bingo, taxes and license fees related to bingo, the payment of compensation, and for the purposes set forth below for the remaining proceeds.

(b) Funds from bingo accounts must be withdrawn by preprinted, consecutively numbered checks or withdrawal slips, signed by an authorized representative of the licensed authorized organization and made payable to a person. A check or withdrawal slip shall not be made payable to "cash," "bearer" or a fictitious payee. The nature of the payment made shall be noted on the face of the check or withdrawal slip. Checks for the bingo account shall be imprinted with the words "bingo account" and shall contain the organization's bingo license name on the face of each check. A licensed authorized organization shall keep and account for all checks and withdrawal slips, including voided checks and withdrawal slips. Electronic transfers from the bingo account may be used for payments made to another governmental agency.

(c) Any proceeds available in a bingo account after payment of the expenses set forth in paragraph (1) (a) of this subsection shall inure to the charitable or nonprofit organization to be used for religious, charitable, civic, scientific testing, public safety, literary or educational purposes or for purchasing, constructing, maintaining, operating or using equipment or land, or a building or improvements thereto, owned, leased or rented by and for the charitable or nonprofit organization and used for civic purposes or made available by the charitable or nonprofit organization for use by the general public from time to time, or to foster amateur sports competition, or for the prevention of cruelty to children or animals, provided that no proceeds shall be used or expended directly or indirectly to compensate officers or directors. The licensed bingo operation must maintain records for ~~three~~ five (35) years on forms prescribed by the commission or pursuant to rules prescribed by the commission showing the charitable activities to which the proceeds described in this paragraph are applied. No employees of the charitable or nonprofit organization may be compensated from bingo proceeds except as provided in this subsection.

(d) (i) All gross revenues received from bingo games by a charitable or nonprofit organization must be disbursed in the following manner, unless otherwise provided in section 67-7708, Idaho Code: not less than twenty percent (20%) of gross revenues shall be used for charitable purposes enumerated in this subsection, and a maximum of eighteen percent (18%) of the gross revenues may be used for administrative expenses associated with the charitable bingo game. An organization requesting an exemption from the disbursement percentages provided in this paragraph for administrative costs shall request such an exemption from the state lottery commission.

(ii) Two hundred fifty dollars (\$250) or one-tenth of one percent (.1%) of annual gross revenues, as per the previous year's annual bingo report whichever is greater may be paid as wages for the conduct of any one (1) bingo session. Such wages shall be paid

on an hourly basis, shall be directly related to the preparation, conduct of and cleaning following a bingo session, and shall be paid out of the organization's separate bank account unless the director of lottery security has given prior written permission to pay wages out of another account. Such wages shall be part of the eighteen percent (18%) gross revenues used for administrative expenses.

(2) Any charitable or nonprofit organization conducting bingo games pursuant to this chapter shall prepare a statement at the close of its license year and shall file such statement with the state lottery. The statement shall be prepared on a form prescribed by the lottery commission and shall include, at a minimum, the following information:

(a) The number of bingo sessions conducted or sponsored by the licensed organization;

(b) The location and date at which each bingo session was conducted;

(c) The gross revenues of each bingo session;

(d) The fair market value of any prize given at each bingo session;

(e) The number of individual players participating in each session;

(f) The number of cards played in each session;

(g) The amount paid in prizes at each session;

(h) The amount paid to the charitable or nonprofit organization;

(i) All disbursements from bingo revenue and the purpose of those disbursements must be documented on a general ledger and submitted with the annual bingo report to the Idaho lottery commission; and

(j) An accounting of all gross revenues and the disbursements required by statute and rule of the state lottery commission must be retained in ~~permanent~~ records with the organization, including the date of each transaction and the name and address of each payee for all prize payments in excess of one hundred dollars (\$100) and the disbursements of funds to charitable activities, including the identity of the charity and/or purpose and use of the disbursements by the charity. Such records shall be retained for a period of five (5) years.

(3) Any organization required to be licensed to conduct bingo operations under the provisions of this chapter shall use only nonreusable colored bingo paper or electronic bingo paper so that all sales may be tracked. The nonreusable colored paper must have a series and serial number on each card. At the conclusion of each session, all organizations using nonreusable bingo paper must track their bingo sales per session by recording the series and serial numbers of all paper sold, damaged, donated or used for promotion in that session. Each such organization shall keep a ledger of the numbers of all such papers used during each session. All paper must be tracked as either sold, damaged, donated, used for promotion, or omitted from the original distributor or manufacturer. Paper tracking ledgers and invoices from the distributor or manufacturer for nonrefundable colored bingo paper must be kept with the permanent records for that bingo operation.

(4) Any person who shall willfully or knowingly furnish, supply or otherwise give false information in any statement filed pursuant to this section shall be guilty of a misdemeanor.

(5) All financial books, papers, records and documents of an organization shall be kept as determined by rule of the state lottery and shall be

1 open to inspection by the county sheriff of the county, or the chief of police
 2 of the city, or the prosecuting attorney of the county where the bingo game
 3 was held, or the attorney general or the state lottery at reasonable times
 4 and during reasonable hours.

5 (6) Every charitable or nonprofit organization whose annual gross
 6 revenues exceed two hundred thousand dollars (\$200,000) from the operation
 7 of bingo games shall provide the state lottery with a copy of an annual au-
 8 dit of the bingo operation. The audit shall be performed by an independent
 9 certified public accountant and who is licensed in the state of Idaho and who
 10 meets peer review requirements set forth by the Idaho state board of accoun-
 11 tancy. The audit shall be submitted to the Idaho state lottery within ninety
 12 (90) days after the end of the license year.

13 SECTION 8. That Section 67-7710, Idaho Code, be, and the same is hereby
 14 amended to read as follows:

15 67-7710. RAFFLES -- DUCK RACES -- ~~HOLIDAY CHRISTMAS TREE FUNDRAIS-~~
 16 ~~ERS.~~ (1) It is lawful for any charitable or nonprofit organization to conduct
 17 raffles in accordance with the provisions of this chapter. Any charitable or
 18 nonprofit organization ~~who~~ or any person that conducts a raffle in violation
 19 of any provision of this chapter may be assessed a civil penalty not in excess
 20 of ten thousand dollars (\$10,000) per violation. Additionally, any person
 21 knowingly conducting a raffle in violation of any provision of this chapter
 22 or rule of the state lottery commission may be charged under the gambling
 23 laws of the state contained in chapter 38, title 18, Idaho Code, and may be
 24 assessed a civil penalty by the lottery not in excess of ten thousand dollars
 25 (\$10,000) per violation. It shall not constitute a violation of state law
 26 to advertise a charitable raffle conducted pursuant to this section. It
 27 is lawful to participate in a charitable raffle conducted pursuant to this
 28 chapter. A charitable raffle conducted lawfully pursuant to this chapter is
 29 not gambling for purposes of chapter 38, title 18, Idaho Code.

30 (2) Raffles drawings must be held in Idaho and shall be limited to
 31 twelve (12) per charitable or nonprofit organization per year, provided that
 32 this limitation shall not apply to public or private elementary schools, or
 33 secondary schools or higher education institutions located in this state.
 34 The maximum aggregate value of cash prize(s) that may be offered or paid
 35 for any one (1) raffle, which is not a duck race ~~or a holiday Christmas tree~~
 36 ~~fundraiser~~, is one thousand dollars (\$1,000) and if merchandise is used as a
 37 prize and it is not redeemable for cash, there shall be no limit on the max-
 38 imum amount of value for the merchandise. For duck races, there shall be no
 39 limit on the maximum amount of the value of a cash prize if the cash prize is
 40 underwritten by insurance. If a duck race offers a cash prize that is not un-
 41 derwritten by insurance, the maximum aggregate value of the cash prize(s) is
 42 one thousand dollars (\$1,000). ~~There shall be no maximum value on the amount~~
 43 ~~that a tree may be raffled for in a holiday Christmas tree fundraiser.~~ There
 44 shall be no limit on the maximum of value for merchandise used as a prize in
 45 a duck race ~~or a holiday Christmas tree fundraiser~~ if the merchandise is not
 46 redeemable for cash.

47 (3) As used in this subsection, "net proceeds of a charitable raffle"
 48 means the gross receipts less the cost of prizes awarded. "Net proceeds of a
 49 duck race" shall mean gross receipts, less the cost of prizes awarded and the

1 rental cost of the ducks used in the race. ~~"Net proceeds of a holiday Christ-~~
 2 ~~mas tree fundraiser"~~ shall mean the gross receipts less the cost of procuring
 3 ~~the trees or other prizes.~~ No less than eighty percent (80%) of the net pro-
 4 ceeds of a raffle shall be used by the charitable or nonprofit organization
 5 for charitable, religious, educational, civic or other charitable purposes.

6 (4) Any licensed charitable or nonprofit organization conducting
 7 raffles pursuant to this chapter shall prepare a statement at the close of
 8 its license year and shall file such statement with the state lottery. The
 9 statement shall be prepared on a form prescribed by the lottery commission
 10 and shall include, at a minimum, the following information:

11 (a) The number of raffles conducted or sponsored by the charitable or
 12 nonprofit organization;

13 (b) The location and date at which each raffle was conducted;

14 (c) The gross revenues of each raffle;

15 (d) The fair market value of any prize given at each raffle;

16 (e) The amount paid in prizes at each raffle;

17 (f) The amount paid to the charitable or nonprofit organization;

18 (g) An accounting of all gross revenues and the disbursements required
 19 by statute and rule of the state lottery commission that shall be re-
 20 tained in the organization's records for a period of five (5) years.

21 (5) Every charitable or nonprofit organization whose annual gross rev-
 22 enues exceed two hundred thousand dollars (\$200,000) from the operation of
 23 raffle events shall provide the state lottery with a copy of an annual au-
 24 ditor of the raffle events. The audit shall be performed by ~~an independent~~
 25 certified public accountant and who is licensed in the state of Idaho and who
 26 meets the peer review requirements set forth by the Idaho state board of ac-
 27 countancy. The audit shall be submitted to the Idaho state lottery within
 28 ninety (90) days after the end of the license year.

29 SECTION 9. That Section 67-7711, Idaho Code, be, and the same is hereby
 30 amended to read as follows:

31 67-7711. LICENSING PROCEDURE. (1) Any charitable or nonprofit organ-
 32 ization not exempt pursuant to section 67-7713, Idaho Code, desiring to op-
 33 erate bingo sessions or games or charitable raffles shall make application
 34 for a license to the state lottery. The state lottery shall review the li-
 35 cense application and shall approve or deny the issuing of a license within
 36 fifteen (15) calendar days of receipt of the license application. The state
 37 lottery may deny the application if it determines that the applicant has not
 38 met requirements for an application imposed in this chapter and rules pro-
 39 mulgated pursuant to this chapter or upon any ground for which an application
 40 for renewal of a license could be denied or for which an existing licensee's
 41 license could be revoked or suspended. Whenever an application is denied,
 42 it shall be returned to the applicant by the state lottery with specific rea-
 43 sons for the denial. When a license application is approved by the state lot-
 44 tery, the state lottery shall issue a license to the applicant. No person or
 45 charitable or nonprofit organization, except those exempt pursuant to sec-
 46 tion 67-7713, Idaho Code, shall operate or conduct a bingo session or game
 47 or charitable raffle until it has received a license from the state lottery.
 48 The license shall expire one (1) year after the date it was issued. ~~A copy~~
 49 ~~of the license shall be furnished to the county sheriff of the county or the~~

1 ~~chief of police of the city in which the licensee intends to operate a bingo~~
2 ~~session or game or sell charitable raffle tickets before a bingo session or~~
3 ~~game or a charitable raffle is conducted by the licensee.~~

4 (2) Each application and renewal application shall contain the follow-
5 ing information:

6 (a) The name, address, date of birth, driver's license number and so-
7 cial security number of the applicant and if the applicant is a corpo-
8 ration, association or other similar legal entity, the name, home ad-
9 dress, date of birth, driver's license number and social security num-
10 ber of each of the officers of the organization as well as the name and
11 address of the directors, or other persons similarly situated, of the
12 organization;

13 (b) The name, home address, date of birth, driver's license number and
14 social security number of each of the person or persons responsible for
15 managing the bingo session or game or raffle;

16 (c) (i) In the case of charitable organizations, a copy of the appli-
17 cation for recognition of exemptions and a determination letter
18 from the internal revenue service that indicates that the organi-
19 zation is a charitable organization and stating the section under
20 which that exemption is granted, except that if the organization
21 is a state or local branch, lodge, post or chapter of a national or-
22 ganization, a copy of the determination letter of the national or-
23 ganization shall satisfy this requirement; and

24 (ii) In the case of incorporated nonprofit organizations, a copy
25 of a certificate of existence issued by the secretary of state pur-
26 suant to chapter 3, title 30, Idaho Code, establishing the organi-
27 zation's good standing in the state.

28 (d) The location at which the applicant will conduct the bingo session
29 or games or drawings for the raffles.

30 (3) The operation of bingo sessions or games or charitable raffles
31 shall be the direct responsibility of, and controlled by, ~~a special commit-~~
32 ~~tee selected by the governing body of the organization. If the governing~~
33 ~~body has not appointed a special committee, and~~ the members of the govern-
34 ing body shall be held responsible for the conduct of the bingo sessions or
35 games or raffles. No directors or officers of an organization or persons
36 related to them either by marriage or blood within the second degree shall
37 receive any compensation derived from the proceeds of a bingo session or
38 raffle regulated under the provisions of this chapter. An organization
39 shall not contract with any person for the purpose of conducting a bingo
40 session or providing bingo services or conducting a raffle on the organi-
41 zation's behalf, provided that this prohibition does not prevent a bingo
42 organization from hiring employees and paying wages as provided in section
43 67-7709(1) (d) (ii), Idaho Code. However, if the state lottery commission has
44 entered into an agreement or contract with another state for the operation or
45 promotion of joint bingo sessions, the charitable or nonprofit organization
46 may participate in that contract or agreement.

47 (4) Different chapters of an organization may apply for and share one
48 (1) license to conduct raffles so long as the information required in subsec-
49 tion (2) of this section is provided to the lottery prior to the issuance of
50 the license.

1 (5) The organization may apply for the license to coincide with the or-
2 ganization's fiscal year.

3 SECTION 10. That Section 67-7712, Idaho Code, be, and the same is hereby
4 amended to read as follows:

5 67-7712. LICENSE FEES -- SUSPENSION OR REVOCATION. (1) Each organiza-
6 tion that applies to the state lottery for a license pursuant to this chap-
7 ter shall pay annually to the state lottery a nonrefundable license fee which
8 shall be due upon submission of the application. License fees shall be based
9 on the organization's gross revenues from bingo or raffle operations as re-
10 quired to be reported by statute or rule of the commission. Organizations
11 with gross revenues of twenty-five thousand dollars (\$25,000) or less shall
12 pay a fee of one hundred dollars (\$100). Organizations with gross revenues
13 of twenty-five thousand dollars (\$25,000) to seventy-five thousand dollars
14 (\$75,000) shall pay a fee of two hundred dollars (\$200). Organizations with
15 gross revenues exceeding seventy-five thousand dollars (\$75,000) shall pay
16 a fee of three hundred dollars (\$300). New organizations with no history of
17 gross revenues shall pay a fee of one hundred dollars (\$100), and the gross
18 revenues indicated in the organization's first annual report shall deter-
19 mine the license renewal fee.

20 (2) Any license issued pursuant to this chapter ~~shall~~ may be suspended
21 or revoked by the state lottery if it is found that the licensee or any person
22 connected with the licensee has violated any provision of this chapter or any
23 rule of the lottery commission or ordinance of a county adopted pursuant to
24 this chapter or:

25 (a) Has continued to operate bingo sessions or games after losing its
26 tax exempt or nonprofit status or ceases to exercise independent con-
27 trol over its activities or budget as required under the provisions of
28 this chapter;

29 (b) Has violated or has failed or refused to comply with the provisions
30 of this chapter, or has violated the provisions of a rule of the lottery
31 commission or has allowed such a violation to occur upon premises over
32 which the licensee has substantial control;

33 (c) Has knowingly caused, aided or abetted, or conspired with another
34 to cause, any person to fail or refuse to comply with the provisions, re-
35 quirements, conditions, limitation or duties imposed in this chapter,
36 or to fail or refuse to comply with a rule adopted by the state lottery
37 commission;

38 (d) Has obtained a license or permit by fraud, misrepresentation or
39 concealment, or through inadvertence or mistake;

40 (e) Has been convicted, forfeited bond, or has been granted a withheld
41 judgment, upon a charge involving forgery, theft, willful failure to
42 make required payments or reports to a governmental agency at any level,
43 or filing false reports to a governmental agency, or any similar offense
44 or offenses, or of bribing or otherwise unlawfully influencing a public
45 official or employee of any state or the United States, or of any crime,
46 whether a felony or misdemeanor, involving gambling activity, physical
47 injury to individuals or moral turpitude;

48 (f) Denies the state lottery access to any place where a licensed game
49 is conducted, denies access to any law enforcement officer, or fails

promptly to produce for inspection or audit any records or items as required by law;

(g) Fails to have the license available for verification where the licensed game is conducted;

(h) Misrepresents or fails to disclose to the state lottery or any investigating law enforcement officer any material fact;

(i) Fails to demonstrate to the state lottery by clear and convincing evidence, qualifications for the license according to state law and the rules of the state lottery establishing such qualifications;

(j) Is subject to current prosecution or pending charges, or to a conviction regardless of whether it has been appealed, for any offense described in paragraph (e) of this subsection. At the request of an applicant for an original license, the state lottery may defer decision upon the application during the pendency of the prosecution or appeal;

(k) Has pursued or is pursuing economic gain in a manner or context which violates criminal or civil public policy of this state and creates a reasonable belief that the participation of the person in gaming operations by charitable or nonprofit organizations would be harmful to the proper operation of a lawful bingo or raffle.

(3) The state lottery may, upon its own motion or upon a written verified complaint of any other person, investigate the operation of any gaming purportedly authorized in this chapter. If the state lottery has reasonable cause to believe that any gaming as described in this chapter violates any of the provisions of this chapter or rules promulgated pursuant to this chapter, it may, in its discretion, place in probationary status, revoke, cancel, rescind or suspend any license for a period not to exceed one (1) year, or it. The state lottery may refuse to grant a renewal of the license or it may take other action as may be appropriate under this ~~act~~ chapter and any rules promulgated pursuant to this ~~act~~ chapter. If the state lottery shall refuse to grant a license or refuse to grant a renewal of a license or revoke, cancel, rescind or suspend a license, it shall give the applicant or licensee fifteen (15) calendar days' written notice of its intended action stating generally the basis for its action. Within the fifteen (15) calendar day notice period, the applicant or licensee shall indicate its acceptance of the decision of the state lottery or shall request a hearing to be held in the same manner as hearings in contested cases pursuant to chapter 52, title 67, Idaho Code. The hearing shall be conducted within twenty-one (21) days of the request. The applicant or licensee may appeal the decision of the state lottery after the hearing within the same time and manner as provided for judicial review of actions pursuant to chapter 52, title 67, Idaho Code. Failure to make the request for a hearing as provided herein, shall render the decision of the state lottery final and not subject to further appeal.

SECTION 11. That Section 67-7713, Idaho Code, be, and the same is hereby amended to read as follows:

67-7713. LICENSURE REQUIREMENTS. A charitable or nonprofit organization conducting a bingo game shall be required to obtain a license if the gross annual bingo sales are ten thousand dollars (\$10,000) or more. A charitable or nonprofit organization conducting a raffle shall be required to

1 obtain a license if the maximum aggregate value of merchandise exceeds ~~one~~
 2 five thousand dollars (\$15,000).

3 SECTION 12. That Section 67-7715, Idaho Code, be, and the same is hereby
 4 amended to read as follows:

5 67-7715. VENDORS -- LICENSING -- FEES. (1) No person or entity shall
 6 manufacture, sell, distribute, furnish or supply to any person or entity any
 7 gaming device, equipment or material, in this state or for use in this state,
 8 without first obtaining a vendor's license from the state lottery commis-
 9 sion. Vendor licenses shall not be issued by the state lottery except re-
 10 specting devices, equipment or material designed and permitted to be used
 11 in connection with activities authorized under this chapter. Provided how-
 12 ever, that this licensing requirement shall apply only insofar as the state
 13 lottery commission has adopted rules implementing it as to particular cate-
 14 gories of gaming devices and related material and equipment.

15 (2) Any person or entity that manufactures, sells, distributes, fur-
 16 nishes or supplies any gaming device, equipment or material, in this state or
 17 for use in this state shall make application for a vendor license to the state
 18 lottery. The state lottery shall review the license application and shall
 19 approve or deny the issuing of a license within fifteen (15) calendar days
 20 of receipt of the license application. The state lottery may deny the appli-
 21 cation if it determines that the applicant has not met the requirements im-
 22 posed in this ~~act~~ chapter and rules promulgated pursuant to this ~~act~~ chapter.
 23 Whenever an application is denied, it shall be returned to the applicant by
 24 the state lottery with specific reasons for the denial. When the license ap-
 25 plication is approved by the state lottery, the state lottery shall issue a
 26 license to the applicant.

27 (3) Each application and renewal application shall contain the follow-
 28 ing information:

29 (a) The name, address, date of birth, driver's license number and so-
 30 cial security number of the applicant and if the applicant is a corpora-
 31 tion, proprietorship, association, partnership or other similar legal
 32 entity, the name, home address, date of birth, driver's license number
 33 and social security number of each of the officers of the corporation
 34 and their spouses, as well as the name and address of the directors and
 35 their spouses, or other persons similarly situated.

36 (b) The locations or persons with which the applicant will provide any
 37 gaming device, equipment or material in this state or for use in this
 38 state.

39 ~~(4) Any licensee under this section shall submit an annual revenue re-~~
 40 ~~port to the Idaho lottery commission within thirty (30) days of the end of the~~
 41 ~~licensed year on the prescribed forms provided by the Idaho lottery commis-~~
 42 ~~sion.~~

43 ~~(5) Each applicant shall pay annually to the state lottery a nonrefund-~~
 44 ~~able license fee of five hundred dollars (\$500) which shall be due upon sub-~~
 45 ~~mission of the application.~~

46 (5) Each licensed vendor shall maintain records of all sales to organi-
 47 zations in Idaho for a period of five (5) years. Such records shall be pro-
 48 vided to the lottery upon request.

1 (6) Any license issued pursuant to this ~~chapter~~ section shall be sus-
2 pended or revoked by the state lottery and the licensee may be assessed a
3 civil penalty by the state lottery up to ten thousand dollars (\$10,000) per
4 violation if it is found that the licensee or any person connected with the
5 licensee has violated any provision of this chapter, particularly those in
6 section 67-7712, Idaho Code, or any rule of the lottery commission.